

Commonwealth of Massachusetts
Department of Telecommunications and Energy
Fitchburg Gas and Electric Light Company
Docket No. D.T.E. 02-24/25
Record Request Response

Record Request No.: DTE-RR-34

Provide a copy of the Preparation and Approval of Authorizations policy dated May 29, 1998 that was superseded by the January 1, 2002 version.

Response:

See Attachment DTE-RR-34 pages 1 through 2 for the policy dated May, 29, 1998.

Person Responsible: Mark H. Collin

Subject: System Policy - Financial and Central Services, Accounting/
Energy Distribution, Engineering, Distribution Systems
General - Preparation and Approval of Authorizations

**Policy Number (J)FS,AC1.04(D)
RB,EP1.04(D)
RB,DS1.03(D)**

To: Executive Officers, Functional Management Group, Distribution Company, and USC Department Management for a specific functional discipline

From: G.D. Appleton, L.M. Brock

Effective: May 29, 1998
Supersedes: April 22, 1997

PURPOSE

The purpose of this policy and procedure is to define the guidelines for preparation and approval of Capital and Expense authorizations.

This policy provides the guidelines and procedure for:

- 1) The approval of expenditures for line extensions which cost less than \$10,000 by the Distribution Company Vice President/General Manager.
- 2) The approval of expenditures for equipment purchases of individual items which cost less than \$10,000 by the Distribution Company Vice President/General Manager.
- 3) The opening of a CWO number upon approval by the Distribution Company Vice President/General Manager.
- 4) The electronic routing of authorizations.

The purpose of an authorization is to clarify, justify, and approve projects and/or expenditures requiring independent identifiable accounting and records. While normally used for "Capital" expenditures, authorizations shall also be used for certain "Expense" expenditures when specific identification and tracking is required.

GENERAL

Authorizations must have the appropriate approvals prior to the commencement of the work or expenditure.

Construction

Individual authorizations are not required for line construction projects where the estimated cost is less than \$10,000, provided such projects are covered under a previously approved blanket authorization. However, each blanket project must be assigned a CWO number and approved by the Distribution Company Vice President, Department Manager, or their designate prior to the expenditure of any funds for the project. A Distribution Company Department Manager or their pre-approved designate may approve CWO's not exceeding expenditures of \$5,000 and those

CWO's exceeding expenditures of \$5,000 will require the approval of a Vice President or their pre-approved designate.

Line Extension, Substation, and Transmission projects, not included under the blankets will require separate authorizations, as will ALL projects where there are customer contributions.

Administrative Small Equipment and General Purchases

Each year, during the Capital Budgeting process, two blanket authorizations will be prepared for individual purchases not exceeding \$10,000 each. The first will list all known items and the second will authorize a dollar amount for purchases yet to be determined.

Individual items with an estimated expenditure exceeding \$10,000 will require a separate authorization for each.

PROCEDURE

The Distribution Company shall designate one primary administrative person and a backup as the originator of authorizations. The originator will be responsible for setting up and routing authorizations.

Drafting an Authorization

The Originator will prepare a draft authorization in an approved Excel format and route it as needed (to be determined by the GM) within the Distribution Company to assure justification, clarity, and accuracy.

Approval

The originator will password protect the un-approved authorization final draft and assign it an "Approval Routing Slip", which will always include but not be limited to, the Plant Accountant (twice - first and last), Distribution Company VP/GM, USC Controller, and the Vice President, Engineering & Operations. Additional approvals may be required by one or more USC Functional Heads, depending on its purpose and the functional areas affected by it. **On the approval of the Vice President/General Manager (verbal or written)** an authorization & CWO number will be validated by the Plant Accountant, and expenditures may begin.

Originator will print a copy of the final draft to Adobe Acrobat, save it to the Distribution Company's public network drive authorization log directory and start the "Approval Routing Process". Once the process begins the authorization must be by returned to the originator for all revisions and recomposing. If it is returned to the originator for changes, the "Approval Routing Process" shall be restarted from step one.

The Plant Accountant, last on the routing list, will print the fully approved authorization to Adobe Acrobat and save it to USC's public network drive authorization directory. She/He will notify the Originator via e-mail, who will compare and replace (if identical) the final draft Acrobat file on Distribution Company's public drive with fully approved Acrobat file.

The originator will be able to track the authorization as it goes through the approval process. In the event that an approver is out, the originator will have the ability to reroute it to an Approver's backup if necessary.